

Message Text

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53/45

ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 EURE-00 SSO-00 NSCE-00 INRE-00

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DODE-00 EB-11 FEA-02 FPC-01 H-03 INR-10 INT-08 L-03

NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01 SCI-06

SPC-03 SS-20 STR-08 TRSE-00 ACDA-19 PA-04 PRS-01

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O R 081644Z MAR 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC IMMEDIATE 0959

INFO USMISSION OECD PARIS IMMEDIATE

AMEMBASSY BRUSSELS

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C O R R E C T E D C O P Y (LAST FIVE LINES OF TEXT)

STATE ALSO FOR T/IEP

E.O. 11652: N/A

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TAGS: ENRG, GW

SUBJECT: ENERGY: FOLLOW-UP TO FIRST MEETING OF
ENERGY COORDINATING GROUP

REF: BONN 3460; STATE 40333

THE FRG HAS PROVIDED US WITH FURTHER COMMENTS ON THE
ECG TERMS OF REFERENCE. WITH REGARD TO ITEMS ECG 6
AND ECG 7 (URANIUM ENRICHMENT), ECG 9 (PRODUCER-
CONSUMER RELATIONS), AND ECG 10 (RELATIONS WITH
DEVELOPING COUNTRIES) THE FRG WILL NOT HAVE A POSITION
UNTIL THE MEETING ON MARCH 13/14. THE FRG POSITION ON
THE REMAINING ITEMS IS PRESENTED BELOW.

ECG 5 (INTERNATIONAL COOPERATION ON ENERGY
RESEARCH AND DEVELOPMENT)

PROVISIONAL GERMAN COMMENTS

1. THE OBJECTIVE

WE GIVE OUR SUPPORT TO THE OBJECTIVE OF EXAMINING
HOW, ON THE BASIS OF COMPREHENSIVE INFORMATION ON BOTH
EXISTING AND PLANNED PROGRAMMES, INTERNATIONAL
COOPERATION ON ENERGY RESEARCH AND DEVELOPMENT CAN BE
EFFECTIVELY ORGANIZED.

2. THE TASKS

(A) THE DEVELOPMENT OF CRITERIA, ETC.

ENERGY RESEARCH AND DEVELOPMENT IS CONCERNED WITH
SUBSTITUTE SOURCES OF ENERGY (E.G., NUCLEAR ENERGY)
AND THE MORE EFFICIENT UTILIZATION OF ENERGY RESOURCES
BOTH ALREADY AVAILABLE OR CONVENTIONAL (E.G., COAL).
TO THIS EXTENT, THERE IS A CERTAIN AMOUNT OF OVER-
LAPPING WITH THE THEME: "ACCELERATED DEVELOPMENT OF
CONVENTIONAL ENERGY RESOURCES" (DOCUMENT ECG/3).

(B) THE IDENTIFICATION OF FACTORS, ETC.

NO OBJECTIONS.

(C) REVIEW OF ENERGY R & D PROGRAMMES, ETC.

- THE ENERGY R & D PROGRAMMES PRESENTLY BEING
CATALOGUED BY THE OECD WOULD FIRST HAVE TO BE BROUGHT
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UP TO DATE IN ORDER TO PROVIDE A SOLID BASIS FOR THE
WORK OF THE AD HOC GROUP.

- IN THIS CONNECTION IT MUST BE POINTED OUT THAT
THE EC COMMISSION IS CURRENTLY OCCUPIED WITH DRAWING
UP A SIMILAR LIST OF PROGRAMMES. MOREOVER, A
COMMITTEE FOR ENERGY R & D WAS APPOINTED A SHORT WHILE
AGO. IT SHOULD BE FIRMLY ESTABLISHED THAT THE CURRENT

ACTIVITIES BEING UNDERTAKEN WITHIN THE EC ARE BEING
TAKEN INTO ACCOUNT BY THE AD HOC GROUP.

- THE WORDS "... BY TWO OR MORE OF THE PARTICIPATING
NATIONS ..." SHOULD BE DELETED IN ORDER TO MAKE IT
CLEAR THAT PARTICIPATION IN INTERNATIONAL COOPERATION
WILL LATER STILL BE POSSIBLE FOR THOSE NATIONS WHICH
ARE NOT AT THE MOMENT PARTICIPATING IN THE WORK OF
THE AD HOC GROUP. IN ADDITION, INTERNATIONAL
ORGANIZATIONS SHOULD ALSO BE INVITED TO TAKE PART IN
COOPERATION.

ECG 8 (ECONOMIC AND MONETARY MEASURES)

GERMAN COMMENTS ON INDIVIDUAL POINTS

NUMBER 1

IN ORDER TO AVOID POSSIBLE OVERLAP IN THE
DELIBERATIONS OF THE EPC ON THE ONE HAND AND WP 3 ON
THE OTHER, IT WOULD SEEM SUITABLE TO MORE NARROWLY

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DEFINE THE SPECIFIC TASKS OF THE EPC. NUMBER ONE
SHOULD THEREFORE BE FORMULATED ALONG THE FOLLOWING
LINES: "AVOIDANCE OF INTERNATIONALLY DISRUPTIVE
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ECONOMIC POLICIES AS FAR AS SUCH POLICIES ARE NOT
DISCUSSED IN WP 3"

NUMBER 4

THE ESTABLISHMENT OF THE GOAL OF NEW INTERNATIONAL
BEHAVIOR AS SUGGESTED IN NUMBER FOUR WOULD IN OUR
OPINION BE BETTER CHARACTERIZED THROUGH THE FOLLOWING
FORMULATION: "CONSIDERATION OF A NEW INTERNATIONAL
PLEDGE AND NEW INSTITUTIONAL PROCEDURES FOR THE
AVOIDANCE OF UNILATERAL TRADE MEASURES IMPOSED IN
CONNECTION WITH BALANCE OF PAYMENTS PROBLEMS CAUSED
BY THE OIL SITUATION."

NUMBER 5

THE MANDATE SUGGESTED IN NUMBER FIVE SHOULD IN
OUR VIEW BE FORMULATED IN A MORE GENERAL WAY. WE
WOULD PREFER THE FOLLOWING WORDING IN PLACE OF THE
DRAFT TEXT: "QUOTAS AND VOTING RIGHTS OF THE OIL-
PRODUCING STATES."

NUMBER 6

THE PROPOSED TASK WOULD IN OUR VIEW BE SUFFICIENTLY
DEFINED IF THE WORDS "AND/OR AGENT" WERE OMITTED.

NUMBER 7

THE SUGGESTED MANDATE SHOULD IN OUR VIEW BE
FORMULATED IN A MORE GENERAL WAY. WE SUGGEST STRIKING
THE WORD "EXPANDED".

NUMBER 9

THE SUGGESTED FORMULATION SHOULD IN OUR VIEW BE COMPOSED IN A MORE GENERAL WAY. WE SUGGEST THE FOLLOWING WORDING: "APPROPRIATE COOPERATION BETWEEN DAC AND THE OIL-PRODUCING STATES"

NUMBER 10

WE SHOULD PREFER A FORMULATION WHICH WOULD ALSO INCLUDE INDUSTRIALIZED COUNTRIES IN THE RESPONSIBILITY AND WE THEREFORE SUGGEST THE FOLLOWING WORDING: "ADDITIONAL EFFORTS OF INDUSTRIALIZED AND OIL-PRODUCING COUNTRIES IN THE FIELD OF LIMITED OFFICIAL USE

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DEVELOPMENT ASSISTANCE."

NUMBER 11

WE ADVOCATE A CONCRETIZATION OF THIS TASK THROUGH THE FOLLOWING NEW FORMULATION: "INCREASED CONTRIBUTIONS FROM OIL-PRODUCING COUNTRIES AND CONSEQUENCES FOR POLICIES AND ORGANISATIONAL SET-UP."

NUMBERS 14 AND 15

IN OUR VIEW THESE TWO NUMBERS COULD BE COMBINED.

NUMBER 16

WE CONSIDER THE MENTION OF A POSSIBLE EXPANSION OF SWAP CREDITS IN THE FRAMEWORK OF THE ENTIRE MANDATE UNNECESSARY. WE THEREFORE SUGGEST THE ELIMINATION OF NUMBER 16.

EMBASSY COMMENT:

THE GERMAN POSITION ON THIS AGENDA ITEM WAS ACCOMPANIED BY A LETTER STATING THAT "THE GERMAN DELEGATION RESERVES THE RIGHT TO MAKE ADDITIONAL COMMENTS ON ONE POINT OR ANOTHER IN THE DRAFT MANDATE (AMONG OTHERS POINTS 3, 4 AND 18) AT THE NEXT MEETING OF THE COORDINATING GROUP." IN ADDITION, THE DIRECTOR OF THE ECONOMICS MINISTRY'S TRADE OFFICE KUEHN CALLED THE ECONOMIC COUNSELOR TO AMPLIFY ON THIS POINT. HE SAID THAT THERE WERE UNRESOLVED DIFFERENCES AMONG CERTAIN FRG MINISTRIES CONCERNING THE TYPE OF INSTITUTIONS AND ORGANIZATIONS TO WHICH THE QUESTIONS COVERED IN ITEMS 3, 4, AND 18 OF ECG/8 SHOULD BE DELEGATED. HE FURTHER SAID THAT DISCUSSIONS WERE STILL GOING ON AMONG THE VARIOUS MINISTRIES AND HE DOUBTED WHETHER THE FRG COULD ACCEPT THE PROPOSALS ADVANCED BY THE USG, INASMUCH AS THERE ARE DIVERGENCIES BETWEEN THE VIEWS HELD BY THE FRG AND THE US.

ECG 11 (ROLE OF THE INTERNATIONAL OIL COMPANIES)

GERMAN COMMENTS

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WE SUGGEST SUPPLEMENTING THE SECOND PARAGRAPH AS
FOLLOWS: "... AND COMPETITIVE PRACTICES BEGIN UNDER-
LINE BOTH AMONG THEMSELVES AND TOWARDS NATIONAL
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COMPANIES OF CONSUMER COUNTRIES."END UNDERLINE

WE ASK THAT THE THIRD PARAGRAPH BE SUPPLEMENTED
WITH THE FOLLOWING SENTENCE: BEGIN UNDERLINE
"IN THIS CONTEXT ALSO THE RELATIONSHIP BETWEEN THE
INTERNATIONAL COMPANIES AND THE NATIONAL COMPANIES OF
THE CONSUMER COUNTRIES SHOULD BE DISCUSSED WHICH IN
MANY COUNTRIES CONTRIBUTE CONSIDERABLY TO THE SUPPLY
OF THE MARKET." END UNDERLINE

EMBASSY COMMENT:

THE FRG IS CONCERNED WITH TWO ASPECTS OF THE
BEHAVIOR OF THE MAJOR OIL COMPANIES BEFORE AND DURING
THE OIL CRISIS; FIRST THE LARGE PRICE INCREASES MADE
BY THE COMPANIES DURING THE FIRST NINE MONTHS OF 1973
(I.E., BEGIN UNDERLINE BEFORE END UNDERLINE THE CRISIS)
AND SECOND THE POSSIBILITY THAT THE MAJORS REAPED
HUGE WINDFALL PROFITS DURING THE CRISIS BY SELLING
LARGE QUANTITIES OF (EARLIER ACQUIRED) LOW COST OIL
AT HIGH PRICES ON THE ROTTERDAM SPOT MARKET.
HILLENBRAND

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